Thursday 12 May 2005

ADDRESS BY MR FRANK LOWY AC, CHAIRMAN WESTFIELD GROUP
AT THE ANNUAL GENERAL MEETING OF WESTFIELD HOLDINGS LTD
AND THE MEETING OF MEMBERS OF
WESTFIELD AMERICA TRUST AND WESTFIELD TRUST
THURSDAY 12 MAY 2005 AT 10.00 AM
ANGEL PLACE, SYDNEY

CHECK AGAINST DELIVERY

Following the merger, we expanded the board to include four new independent directors who had served previously on the Trust boards.

Each member of the board is an outstanding individual, with a broad range of skills and experience, and they each make an enormous contribution to the ongoing success of the Group.

As you know, we have had a busy time since the merger. It has given us the financial structure and capacity to gain better access to global capital markets and make the most of the opportunities for further international growth.

But the improved financial capacity is only part of the story. Our human resources are just as important, if not more so, and therefore I would like to spend some time in this address talking about the depth and quality of the management team that we have been building up over a long period of time to manage our expanding global business.

But first, let me remind you that since the merger, shareholder value in the Group has increased by 25% - with market capitalisation up from $22 billion before the merger was announced to nearly $28 billion now.

As we noted in the Annual Report, based on the merger ratios and taking into account distributions and dividends paid during the year, for the calendar year to 31 December 2004, Westfield Holdings members received a return of 20%, Westfield Trust members, a return of 37% and Westfield America Trust members, a return of 41%.

Since the merger we have acquired $3.6 billion of property assets, completed $1.1 billion of development projects, and started nine new projects with a value of $2.1 billion.

We now have interests in 126 shopping centres around the world, representing nearly $42 billion of assets under management.

We released our quarterly review of operations just a couple of days ago and I'm pleased to report it showed that our shopping centres in all markets are performing strongly, with leasing at historically high levels.

The development program continues on track in Australia, New Zealand and the US and I'm very pleased that we were able to announce recently that we have begun our first major redevelopment in the UK with the $775 million Derby project in the East Midlands.

From this we can see that throughout the corporate restructuring of the past year or so, the underlying business operations have continued to perform very well.

This has become an important feature in Westfield's success, particularly in recent years – the ability to undertake large and complex transactions and at the same time maintain the financial and management discipline to generate income and capital growth from our existing assets.

All of you are familiar with our growing global profile. As I said in my review for the Annual Report, we now have 125,000 shareholders with investors from most parts of the world, including Singapore, Japan, Hong Kong, the US, Europe, UK and, of course, our home base Australia.

Our 20,000 retailers are headquartered in the UK, France, Italy, Spain, South Africa, the US, and of course Australia and New Zealand.

We have staff moving between our international offices regularly.

We are well prepared to make the most of the global opportunities - but there are also many challenges.

Our first was to cross the threshold from a founder-run business to a professionally managed, though still entrepreneurial and hard-driving company. I believe we achieved this some years ago when I stepped back from day-to-day operations, delegating this responsibility to Steven and Peter Lowy as Managing Directors. This has been extremely successful and each has earned broad levels of respect both inside and outside the company, and in each of our markets around the world.

Our next challenge is to continue the transition from where we were pre-merger to where we are now heading – namely to be the leading global shopping centre owner, developer and manager.

To do this, Peter and Steven Lowy have taken on more strategic senior operational and financial duties as Managing Directors, and at the same time we have continued the development of our senior executives as part of this transition to professional management.

This has involved a number of restructures over the past few years to create opportunities for our most senior and talented executives to take on greater responsibility.

More recently, we have moved to an operational structure that is effectively managed by Chief Operating Officers in each of our regions, who have full responsibility for the business in their particular country, and it brings a number of benefits.

- It has greatly expanded the management roles of several of our key executives. In Australia, Bob Jordan, who joined Westfield 17 years ago as a senior developer, has risen to become Chief Operating Officer for the entire Australian/New Zealand operation.

- Similarly, Michael Gutman who joined as a senior Australian developer 11 years ago, has risen to become Chief Operating Officer and the senior executive in our London office.

- Peter Allen, who joined Westfield nine years ago, and oversaw the establishment of our business in the UK, recently took on his new role as Chief Financial Officer for the Group.

- As well as creating these new roles for people within Westfield, we have recruited senior executives from outside over the past few years.

- In the US, we recruited Ken Wong as President of operations for the US. Ken joined us after a distinguished career in real estate which included a period as head of the global theme park division at the Disney Company. Also, Peter Schwartz joined us from a leading New York law firm to become our general counsel in the US.

- In Australia, a couple of years ago we recruited Simon Tuxen as general counsel for the Group, as well as Dominic Panaccio and Mark Bloom as Deputy Chief Financial Officers.

These are obviously significant changes but the truth is that we are simply continuing an evolution. We have always had a very stable executive team. The current senior team has an average age of 47 and the average length of service with Westfield is 11 years.

An essential part of building and developing this executive team is of course the remuneration policies adopted by the Group and overseen by the Remuneration Committee of the board.

Westfield sets demanding standards and poses global challenges for its executives and those who meet those challenges rightly expect to be rewarded for doing so.

We prefer to judge the performance of our executives against our own aggressive internal targets and objectives which are designed to deliver long-term, sustainable value.

Our long term incentive plan for our senior executive team includes performance hurdles which incorporate these internal objectives and ensure a proper alignment with shareholder interests. Those performance hurdles are reviewed annually by the Remuneration Committee to ensure they remain current and appropriate for future awards.

I have spoken at length about our management team and I would now like to talk about the stability of our business.

As at the end of 2004, 98% of the Group's income was rental income with the remaining 2% coming from management and development fees paid to us by our joint-venture partners.

Westfield is further differentiated from other property companies by the size and quality of our rental income stream which flows from more than 20,000 leases, most of which are medium or long term - at least five years and in many cases 10 years or more. That, in itself, provides great stability in our earnings.

Our occupancy levels have always been, and remain, at very high levels. The demand for space in Westfield centres has historically been very strong and remains so.

We have a diverse group of retailers of different sizes and from different industries, with an international geographic spread, meaning we are less vulnerable to local economic fluctuations or major changes within particular retail sectors from time to time.

The underlying strength of our shopping centre business itself is reinforced by the geographic spread of Westfield assets. We have shopping centres in four countries, which can to an extent help even out local economic conditions, and allows us to concentrate extra resources where necessary.

In fact, over the 45 years since Westfield was founded, income from our shopping centres has never gone backwards in any year, despite the many economic ups and downs the world has experienced over that period.

In concluding my Chairman's address, I would like to reconfirm the Group's December 2005 earnings forecast of 95.6 cents per security and the distribution forecast of 106.5 cents per security. We look forward to the future with confidence.

ENDS

12 May 2005

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The Manager
Company Announcements Office
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Dear Sir/Madam

WESTFIELD GROUP (ASX:WDC)
12 May 2005
Westfield Holdings Limited – Annual General Meeting
Westfield America Trust – Members' Meeting
Westfield Trust – Members' Meeting
Chairman's Address

A copy of the Chairman's Address to members which is to be given at today's meetings of Westfield Holdings Limited, Westfield America Trust and Westfield Trust is attached.

Yours faithfully
WESTFIELD GROUP

Simon Tuxen
Company Secretary